

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL



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May 21, 2020

The Honorable William Barr  
Attorney General  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

**RE: *Antitrust Investigation of Beef Packing Industry***

Dear Attorney General Barr,

Today we write with a simple, but significant request—that the U.S. Department of Justice (DOJ) coordinate with the State of Utah (and potentially with other State Attorneys General) in investigating possible anti-competitive practices among a small, but powerful number of beef processors and packers.

We have become aware of complaints from beef growers and feeders regarding apparent manipulation of cattle pricing by the processing/packing industry. As you may be aware, the U.S. beef processing/packing industry is highly concentrated. Indeed, the four largest beef processors control over 75% of the U.S. market based on volume and revenue, *i.e.*, Tyson Foods (23%), JBS Beef Company (21%), Cargill Meat Solutions (19%), and National Beef (12%).

We have been informed that, prior to approximately 2015, the price of cattle shared a high correlation with the price of “boxed beef,” *i.e.*, the primary output sold by beef processors to the wholesale and retail market for eventual resale to grocers, consumers, and the restaurant/hospitality industries. In other words, as the price of cattle increased, so did the price of processed boxed beef. Subsequent to 2015, however, the previously tight correlation between cattle prices and boxed beef has broken down. In today’s market, the beef processors/packers have been accused of restricting the capacity of processing facilities by closing and downsizing a number of processing plants, thereby reducing competition among the four beef processors and depressing cattle prices. If true, this gives the four companies listed earlier an advantage when bidding for cattle and allows them to enjoy lower prices for cattle, while simultaneously restricting the supply of processed beef for resale, and placing upward pressure on the pricing of processed beef. We are also aware that the beef processors are participating in the cash (“spot”) and futures markets for live cattle in a manner that places downward pressure on the price of

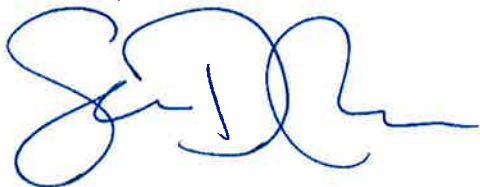
cattle. As result of these market manipulations, the beef processors/packers allegedly have enjoyed elevated profit margins in recent years.

Of course, this has all happened to the detriment of those constituents positioned above and below the beef processors/packers in the vertical chain of distribution for beef. Cattle ranchers are being squeezed and many are struggling to survive, with many operating at losses, threatening the sustainability of this critically important segment of our economy and food supply. Consumers, moreover, are being deprived of the benefit of purchasing beef at prices and quantities set by a healthy and competitive market.

In short, we believe that both federal and state enforcers should investigation whether, by what means, and to what extent the largest beef processors are acting in a coordinated effort to manipulate and control the pricing of both cattle and processed beef products. We are specifically asking the DOJ to engage in a thorough examination of the competitive dynamics of this industry, and to coordinate their efforts with us. If such an investigation concludes that there is no appropriate enforcement action under existing antitrust laws that can be pursued, we would suggest that regulatory strategies should be explored to promote competition, address market manipulation, and protect consumers.

We appreciate your consideration in this matter. Please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. D. Reyes', with a stylized flourish extending to the right.

Sean D. Reyes  
Utah Attorney General